



2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PERF IS A DISCRETELY PRESENTED COMPONENT
UNIT OF THE STATE OF INDIANA.



PERF is an independent body, corporate and politic. The fund is not a department or agency of the state of Indiana, but is an independent instrumentality exercising essential government functions. (Indiana Code 5-10.2-2-1)

Indiana limestone is weather resistant, easy to shape and consistent in quality. It is a versatile material used for architecture and landscaping, quicklime, and cement manufacturing. It has been used in buildings across the country from county courthouses, churches and universities, to museums and the nation's capital. It has been used in roadbeds and breakwaters. If strength and longevity are important in a foundation or architectural product, Indiana limestone is the material of choice.

PERF is very much like Indiana limestone. It is the foundation on which thousands of Indiana residents have built their retirement dreams. Through diversification of funds and prudent investment direction, PERF is designed to weather market volatility. Just like Indiana limestone, PERF enjoys longevity, stability and versatility in an ever changing world.

2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PUBLIC EMPLOYEES' RETIREMENT FUND
JUDGES' RETIREMENT SYSTEM
STATE EXCISE POLICE, GAMING AGENT, GAMING CONTROL
OFFICER AND CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN
1977 POLICE OFFICERS' AND FIREFIGHTERS' PENSION
AND DISABILITY FUND
PROSECUTING ATTORNEYS' RETIREMENT FUND
LEGISLATORS' RETIREMENT SYSTEM
• DEFINED BENEFIT PLAN
• DEFINED CONTRIBUTION PLAN
STATE EMPLOYEES' DEATH BENEFIT FUND
PUBLIC SAFETY OFFICERS' SPECIAL DEATH BENEFIT PLAN
PENSION RELIEF FUND

PREPARED BY

PUBLIC EMPLOYEES' RETIREMENT FUND • 143 WEST MARKET STREET
INDIANAPOLIS, IN 46204 • TOLL-FREE: (888) 526-1687
WWW.PERF.IN.GOV • QUESTIONS@PERF.IN.GOV

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DESIGN BY LISA M. BARTON, PERF DESIGN SPECIALIST.

PERF IS A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF INDIANA.



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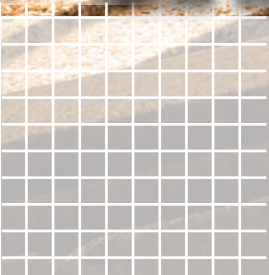

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SECTION

2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PUBLIC EMPLOYEES' RETIREMENT FUND

Letter of Transmittal



Terren B. Magid
Executive Director

December 2008

Dear Board Members:

It is my distinct pleasure to provide you, our customers and other interested parties this *Comprehensive Annual Financial Report* of the Public Employees' Retirement Fund of Indiana (PERF) for the fiscal year ended June 30, 2008.

Throughout this report you'll see examples of the strength and beauty of Indiana limestone. Formed over millions of years, this timeless stone graces structures throughout the state and nation. It serves to remind us that solid progress over many years often gives us something of enduring stability and value.

At PERF, we're reminded that the limestone that has graced the progress of our modern age was made possible by the patient steady creation of this stone beginning more than 300 million years ago. In this annual report, you will learn of PERF's recent progress and see how we too are taking a long-term view to ensure that today's progress and challenges help build and maintain a solid and enduring retirement fund for generations to come.

The 2008 fiscal year was one of progress and challenge as we worked to enhance customer service provided to the members and employers we serve while maintaining a prudent,

long-term management approach in the face of changing market conditions. Examples of these accomplishments and challenges include the following:

Solid Funding: PERF reached a funded status of 99.8 percent at the July 1, 2007 start of the fund's 2008 fiscal year. Nationally, state pension plans are funded at about 88 percent according to the *2007 Wilshire Report on State Retirement Systems*. We are pleased with this overall funded status and continue to work to achieve and maintain full funding. While recent, short-term market conditions may erode this status in the near term, we are confident that our long-term approach to prudent investment management will allow us to maintain a solid funded ratio over the decades to come.

Managing Risk: While the stock market was doing well in previous years, PERF's management was certain of one thing: neither booms nor downturns last forever. In the 2008 fiscal year, staff worked diligently to manage PERF's investments according to the asset allocation the Board of Trustees adopted in August 2006. This asset allocation was designed to better protect the portfolio from market downturns. A prudent asset allocation combined with PERF's solid funded status has allowed us to assure our members that PERF's ability to meet its obligations to pay benefits to current or future retirees, or other benefit recipients, is not impacted by the recent unstable market conditions.

Statewide Customer Service: A new customer service approach launched by PERF in May reaches both members and employers in the communities where they live and work, throughout Indiana. Four retirement services consultants – with a combined experience of more than 100 years – were deployed to four regions in the north, central and south of the state. These consultants assist employers with their interaction with PERF, and meet PERF members in groups or individually to educate them on retirement and their PERF benefits. We serve more than 200,000 members throughout Indiana and we felt it was time our face-to-face customer service reflected that statewide commitment.

Customer Satisfaction: In September 2007, we launched a new customer satisfaction measurement system that allows



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Letter of Transmittal

us to monitor our customers' reaction to our service and learn specific things we can do to improve satisfaction. Already, this new system has allowed us to take active steps to improve satisfaction in a variety of areas, including notable gains with our Customer Call Center.

Accountability and National Excellence: In the front of this publication you'll see a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA), and an Achievement Award from the Public Pension Coordinating Council (PPCC). The GFOA certification for PERF's 2007 annual report marks the second straight year that a PERF annual report has achieved this recognition. The PPCC award recognizes PERF's excellence in meeting professional standards for plan design and administration. This recognition rates PERF's system management and administration among an exclusive handful of public retirement systems in the nation and marks the second consecutive year we have achieved this distinction.

Pension Modernization: In fiscal year 2008, PERF continued its work on a comprehensive four-year modernization initiative that will significantly enhance service to our members and employers. The end result will be a comprehensive set of new systems and processes that will enhance financial management and maintaining of member benefit information while providing a full-featured member website complete with daily valuation of members' annuity savings accounts.

Background Information

As of June 30, 2008, PERF was responsible for the investment of approximately \$15.7 billion in combined assets. In total, PERF paid monthly retirement, disability and survivor benefits to 64,087 benefit recipients, served 151,770 members actively employed in public service and worked in partnership with 1,204 participating employers statewide.

This report provides detailed information on the performance of all retirement plans administered by PERF, including the:

- Public Employees' Retirement Fund
- Judges' Retirement System
- State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan
- 1977 Police Officers' and Firefighters' Pension and Disability Fund

- Legislators' Retirement System
- Prosecuting Attorneys' Retirement Fund

PERF also administers two special death benefit funds for public safety officers and state employees who die in the line of duty. In addition, PERF manages the Pension Relief Fund, which was created by the Indiana General Assembly to address the unfunded pension obligations of the police officers' and firefighters' pension systems of Indiana's cities and towns. PERF is not responsible for the administration of those local pension funds, which have been closed to new membership since the creation of the 1977 Police Officers' and Firefighters' Pension and Disability Fund. However, PERF makes disbursements to the local police and firefighter units throughout the state that are still obliged to pay benefits under those former plans.

Management's Responsibility for Financial Reporting

PERF's management prepared the financial statements included in this *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2008. PERF's management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of PERF's operations.

The Indiana State Board of Accounts (SBoA), PERF's external auditor, has conducted an audit of the general purpose financial statements in accordance with generally accepted auditing standards, performing work as it deemed necessary to express an opinion in their report.

The SBoA completed their review of PERF's financial statements for the fiscal year ending June 30, 2008, on September 30, 2008. The results show PERF has made significant progress in improving the quality of its financial statements over a period of four years.

In fiscal year 2004, PERF received a qualified audit opinion with 30 specific findings regarding areas of needed improvement. Diligent efforts to turn around PERF's performance re-

PUBLIC EMPLOYEES' RETIREMENT FUND

Letter of Transmittal

sulted in 15 findings in fiscal year 2005, 11 findings in fiscal year 2006, six findings for fiscal year 2007, and two findings in fiscal year 2008. In addition, we have achieved unqualified financial opinions from the SBoA since fiscal year 2006. Findings for 2008 are presently being addressed by the ongoing modernization project noted previously and completion of other projects initiated as part of PERF's turnaround plan.

Reporting Financial Information

PERF's management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization.

Management also is charged with recording these transactions as necessary to maintain accountability for assets, and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes the written policies and procedures of the Board of Trustees.

For financial reporting purposes, PERF follows the Governmental Accounting Standards Board (GASB) Statement No. 25 Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 Pension Disclosures. Assets of PERF are presented at fair value. The actuarial value of assets and the actuarial accrued liability are presented in the Required Supplementary Information following the Notes to the Financial Statements.

The GASB issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This statement establishes financial reporting standards for state and local governments. The Management Discussion and Analysis is contained within the Financial Section and serves to supplement the Introductory Section of the Comprehensive Annual Financial Report, as well as financial statements, notes and supplementary information within the Financial Section.

Economic Condition

PERF's economic condition is based primarily upon investment results and contributions from members and employers.

Mercer Investment Consulting evaluated the year-end investment portfolio. The return comparison begins on page 69.

Investments

As of June 30, 2008, the Consolidated Retirement Investment Fund (CRIF) had a market value of \$14.9 billion, a decline of \$1.2 billion since June 30, 2007. The decrease in assets was due to negative investment performance. The Investment Section includes an in-depth discussion of the CRIF and the investment policies guiding the Board of Trustees in their decision making. The Board of Trustees continues to make progress in diversifying the assets of PERF and adjusting its risk and return profile in order to deliver the growth and earnings needed to meet future benefit obligations.

Asset Allocation

Prudent diversification through strategic asset allocation is fundamental to the Board of Trustees' overall investment policy. The policy is designed to provide an optimal mix of asset classes in order to meet PERF's return objectives, while maintaining appropriate diversification and risk control. PERF continues to incorporate traditional assets (cash, domestic and international stocks, and domestic fixed income) while also incorporating nontraditional assets (such as real estate and private equity) into the target asset mix.

The investment portfolio mix at fair value for fiscal year ended June 30, 2008, was approximately 25.4 percent fixed income, 67.3 percent equities and 7.3 percent in alternative investments. Of the total portfolio as of June 30, 2008, the equity portfolio was comprised of 39.3 percent domestic equity, 9.8 percent global equity, and 18.2 percent international equity.

Funding

The health of a retirement system is measured by its ability to fund current and future benefit obligations of its members, which is represented by its funding level. Adequate funding levels reflect the ratio between total actuarial assets compared to total actuarial accrued liabilities, resulting in a reduced reliance on contributions. Total CRIF returns of negative 7.6 percent were below actuarial assumptions of 7.25 percent. However, it should be noted the 7.25 percent assumption is based on a long-term, multi-year strategy. Notwithstanding the volatility of recent market conditions, PERF and its investments remain in sound, stable condition.

Letter of Transmittal

The actuarial accrued liability of PERF is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to all current retirees, beneficiaries and employees for service earned to date. The funding ratio is the percentage computed by dividing the actuarial value of net assets available for benefits by the actuarial accrued liability. This ratio provides an indication of the funding status of the plan and generally, the greater this percentage, the stronger the plan.

The accumulated balance of funds derived from the excess of additions over deductions is referred to as the net assets held in trust for pension benefits in the Combined Statement of Changes in Fiduciary Net Assets in the Financial Section of this report. Actuarial accrued liability, funding status and progress for the plans are presented in the Required Supplementary Information Schedules of Funding Progress and Note 5 of the Notes to the Financial Statements.

Actuarial Survey Valuation

An actuarial review of PERF is performed annually. An assumption experience study is performed every three to five years. The actuarial firm, McCready & Keene, completed the experience study, actuarial reviews and valuations. In addition, the firm served as technical advisor to PERF. Actuarial certification and supporting statistics are included in the Actuarial and Statistical sections of this report.

Acknowledgements

In the compilation of this report, PERF's staff and advisors have worked to demonstrate a constructive spirit of full disclosure to clearly communicate our financial story and to motivate interested individuals to read this document. It is intended to provide information for use as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the assets contributed by our members and employers.

I appreciate the confidence and trust bestowed on us by our members, employers and the people of the state of Indiana. On behalf of the PERF staff, I wish to thank Governor Mitch Daniels, the members of the Pension Management Oversight Commission, the Indiana General Assembly, the Board of

Trustees and the many public employees and employers who have provided the PERF team an opportunity to serve.

Sincerely,



Terren B. Magid
Executive Director



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2008***

Presented to

Indiana Public Employees' Retirement Fund

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in dark ink, reading 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement Fund of Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Enos

Executive Director

PUBLIC EMPLOYEES' RETIREMENT FUND

Administrative Organization

Mitch Daniels
Governor

Becky Skillman
Lt. Governor

Administrative Staff

Terren Magid
Executive Director

Steven Barley
Deputy Director
Chief Operations Officer

David Huffman
Deputy Director
Chief Technology Officer

Patricia Bush
Chief Financial Officer

Janel Gurney
Director of Human Resources

Jeffrey Hutson
Chief Communication Officer

Shawn Wischmeier
Chief Investment Officer

Professional Consultants¹

McCready and Keene, Inc.
7941 Castleway Drive
Indianapolis, IN 46250-0460

Mercer Investment Consulting, Inc.
10 South Wacker Drive, Ste. 1700
Chicago, IL 60606-7500

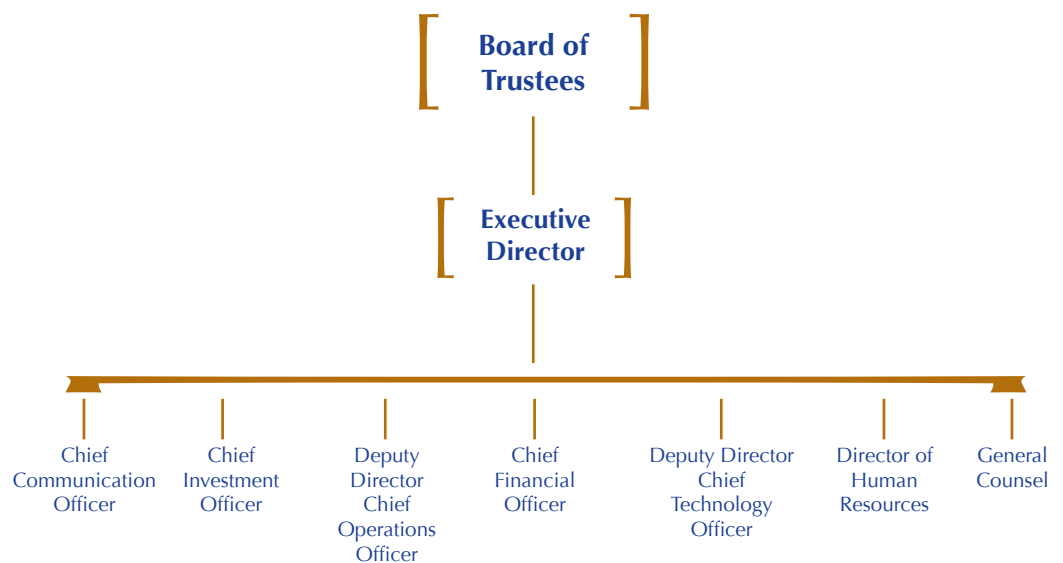
Strategic Investment Solutions, Inc.
333 Bush Street, Suite 2000
San Francisco, CA 94104

¹A complete list of investment professionals who have provided services to PERF can be found on pages 74 and 75.



PERF ADMINISTRATIVE STAFF

PERF ORGANIZATIONAL CHART



2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

PERF Board of Trustees & Executive Team

BOARD OF TRUSTEES



Ken Cochran
Chair



Kevin Boehnlein
Vice Chairman



Cynthia Walsh



Ryan Kitchell

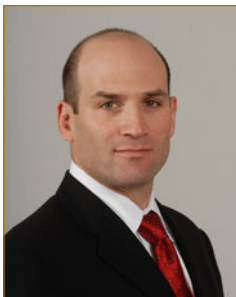


Matt Murphy

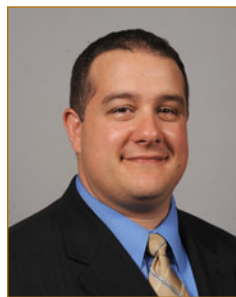


Robert Welch

EXECUTIVE TEAM



Terren Magid
Executive Director



Steven Barley
Chief Operations Officer



David Huffman
Chief Technology Officer



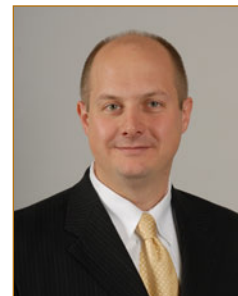
Patricia Bush
Chief Financial Officer



Janell Gurney
Director of Human Resources



Jeffrey Hutson
Chief Communication Officer



Shawn Wischmeier
Chief Investment Officer

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: Public Employees' Retirement Fund

Membership and Eligibility

The Public Employees' Retirement Fund (PERF plan) includes eligible state and local government employees.

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Allowance Reduction
50 up to 59	15 or more	11% at age 59, additional 5% for each year under age 59
55	Age at retirement plus total years of service equals 85 or more	None
60	15 or more	None
65	10 or more	None
65	8 or more ¹	None

¹A member who has at least eight years of PERF plan service as a county clerk, county auditor, county recorder, county treasurer, county sheriff or county coroner is eligible for normal retirement after reaching age 65. This change in the law applies only to members retiring after June 30, 2002. Public Law 73-2002 also provides that a member serving as state auditor, state treasurer or secretary of state and whose term commences after the November 5, 2002, election be vested with at least eight years of creditable service.

BENEFIT FORMULA

$$\text{Annual Benefit} = (\text{Years of Creditable Service} \times \text{Average Annual Compensation} \times .011) + \text{Annuity Savings Account}^2$$

²Members can elect at retirement to receive their Annuity Savings Account as a monthly supplement to their defined pension benefit or in a total distribution.

Cost of Living Allowance

Cost of living allowances are passed by the Indiana General Assembly on an ad-hoc basis.

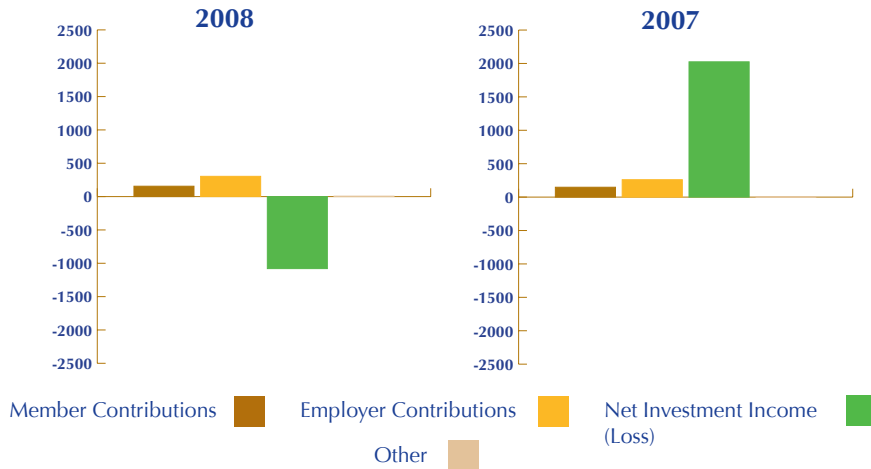
Contribution Rates

- Members are required to contribute 3 percent of gross wages to the Annuity Savings Account.
- Employers have the option of making all or part of this 3 percent contribution on behalf of the member.
- Members may also voluntarily contribute up to an additional 10 percent of their wages into the Annuity Savings Account.
- The amount (rate) of Employer contributions is adopted by the PERF Board of Trustees based on recommendations by PERF's actuary.

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Fund Highlights: Public Employees' Retirement Fund (continued)

Additions by Source For fiscal year ended June 30 (in millions)

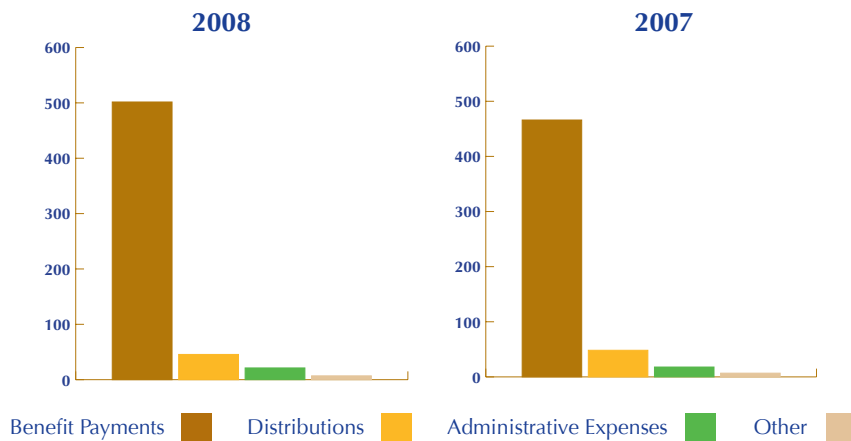


For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Member Contributions	\$ 155.7	\$ 147.7
Employer Contributions	303.9	260.2
Net Investment Income (Loss)	(1,079.9)	2,024.5
Other	6.6	2.8
Totals	\$ (613.7)	\$ 2,435.2

Deductions by Type For fiscal year ended June 30 (in millions)

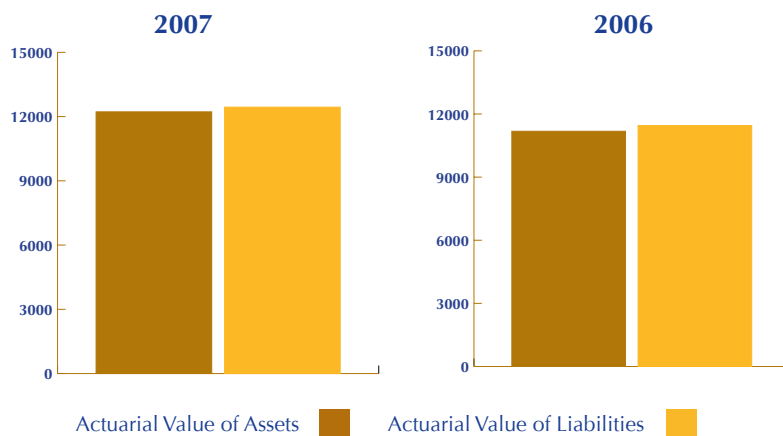


For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 501.6	\$ 466.0
Distributions	45.6	48.3
Administrative Expenses	21.2	17.9
Other	6.9	6.8
Totals	\$ 575.3	\$ 539.0

Funding Progress Actuarial study as of July 1 (in millions)



Actuarial study as of July 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$ 12,220.9	\$ 11,178.0
Actuarial Value of Liabilities	12,439.8	11,450.9
Funding Ratios	98.2%	97.6%

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: Judges' Retirement System

Membership and Eligibility

The Judges' Retirement System includes any person who has served, is serving or shall serve as a regular judge of the Supreme Court of the state of Indiana, circuit court of any judicial circuit, Indiana Tax Court or county courts including: circuit, superior, criminal, probate, juvenile, municipal and county court.

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Allowance Reduction
55	Age at retirement plus total years of service equals 85 or more	None
62	8 or more	0.1% for each month that retirement precedes age 65
65	8 or more	None

BENEFIT FORMULA

Annual Benefit = Salary at Retirement¹ x Percentage Below

Years of Service	Percentage	Years of Service	Percentage
8	24%	16	54%
9	27	17	55
10	30	18	56
11	33	19	57
12	50	20	58
13	51	21	59
14	52	22 or more	60
15	53		

¹Benefit calculations for the 1977 System (those who began service as a judge before September 1, 1985) are based on the current salary of the judge's position from which they retired. The 1985 System (those who began service as a judge after August 31, 1985) uses the salary paid to the judge when they retired.

Cost of Living Allowance

For the 1977 System, the cost of living allowance is a percentage increase equal to the increase in the salary of the judges' position from which the judge retired. For the 1985 system, a 2 percent cost-of-living adjustment (COLA) is payable January 1, 2008, and January 1, 2009, to participants, survivors and beneficiaries.

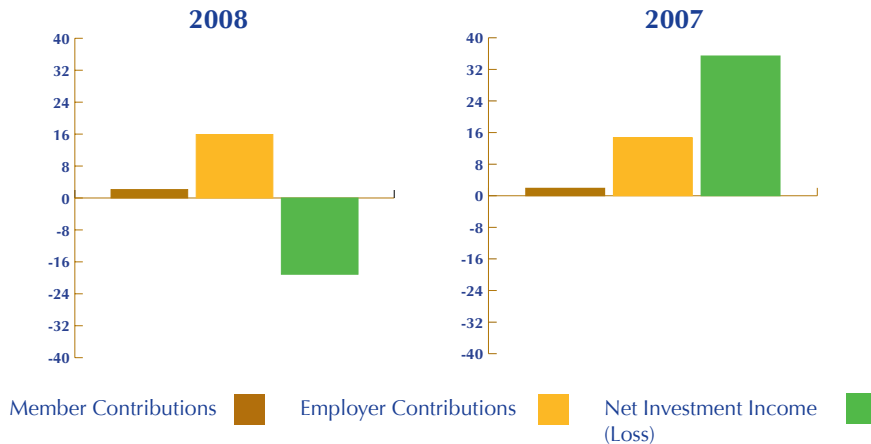
Contribution Rates

- Employees contribute 6 percent of the judge's statutory salary until 22 years of service have been completed.
- Employer contributions are determined by the Indiana General Assembly as biennial appropriations from the state's General Fund.

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Fund Highlights: Judges' Retirement System (continued)

Additions by Source For fiscal year ended June 30 (in millions)

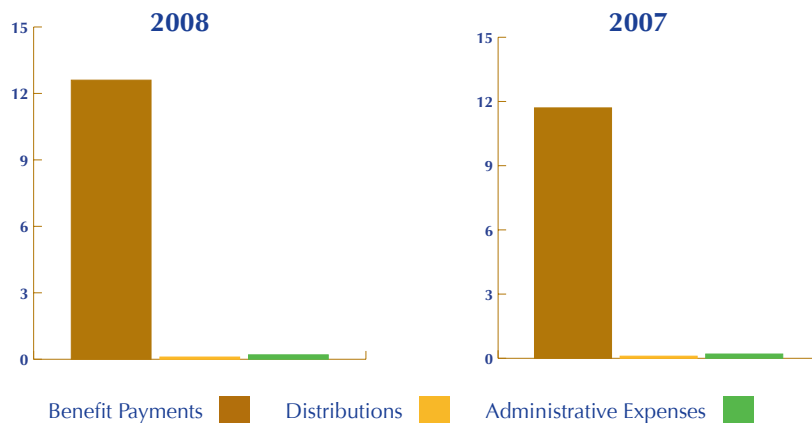


For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Member Contributions	\$ 2.1	\$ 1.9
Employer Contributions	15.9	14.7
Net Investment Income (Loss)	(19.1)	35.4
Totals	\$ (1.1)	\$ 52.0

Deductions by Type For fiscal year ended June 30 (in millions)

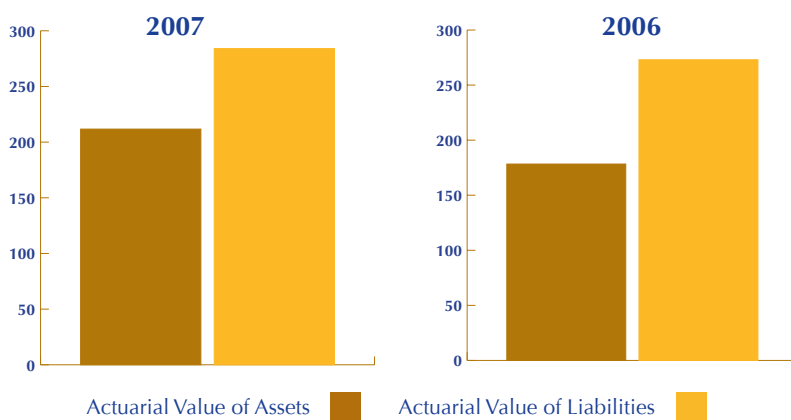


For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 12.6	\$ 11.7
Distributions	0.1	0.1
Administrative Expenses	0.2	0.2
Totals	\$ 12.9	\$ 12.0

Funding Progress Actuarial study as of July 1 (in millions)



Actuarial study as of July 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$ 211.7	\$ 178.3
Actuarial Value of Liabilities	284.0	273.0
Funding Ratios	74.6%	65.3%

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan

Membership and Eligibility

The State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan includes employees engaged exclusively in the performance of law enforcement duties of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana state excise police officer, Indiana State conservation enforcement officer, gaming control officer or gaming agent.

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Allowance Reduction
45	15 or more	0.25% for each full month that retirement precedes age 60
50	25 or more	None
55	Age at retirement plus total years of service equals 85 or more	None
60	15 or more	None

BENEFIT FORMULA

$$\text{Annual Benefit} = 25 \text{ percent}^1 \times \text{Average Annual Salary}^2$$

¹This percentage is increased by 1.67 percent of average annual salary for each completed year of creditable service after 10 years (up to 25 years) and by 1 percent for each year of creditable service after 25 years.

²Average Annual Salary is defined as the average annual salary of an officer during the five years of highest annual salary in the 10 years immediately preceding an officer's retirement date.

Cost of Living Allowance

Cost of living allowance is applied at the same rate as was passed by the Indiana General Assembly for the Public Employees' Retirement Fund.

Contribution Rates

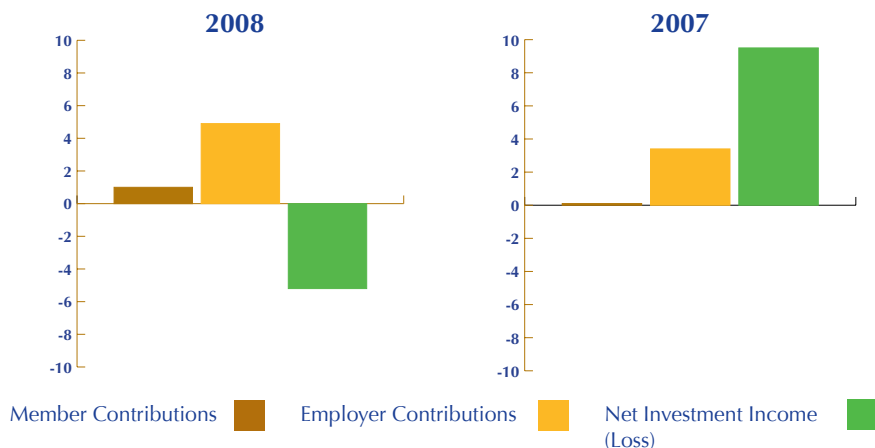
- Members contribute 4 percent of their annual salary.
- Employer contributions are adopted by the PERF Board of Trustees based on recommendations by PERF's actuary.

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fund Highlights: State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan (continued)

Additions by Source

For fiscal year ended June 30 (in millions)



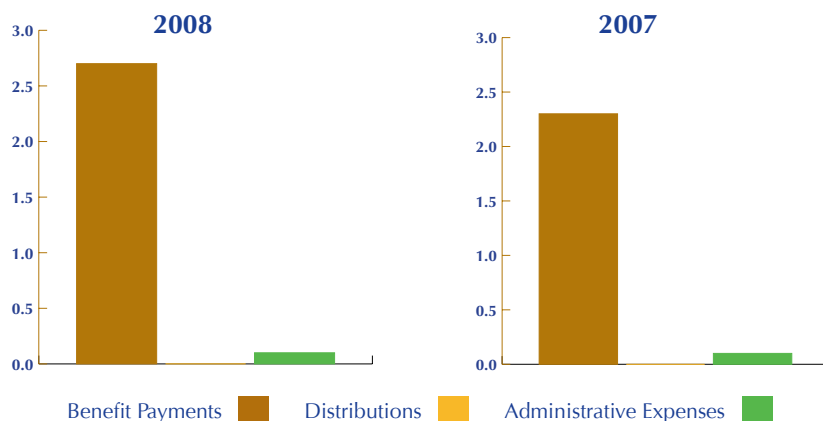
For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Member Contributions	\$ 1.0	\$ 0.1
Employer Contributions	4.9	3.4
Net Investment Income (Loss)	(5.2)	9.5
Totals	\$ 0.7	\$ 13.0

Deductions by Type

For fiscal year ended June 30 (in millions)



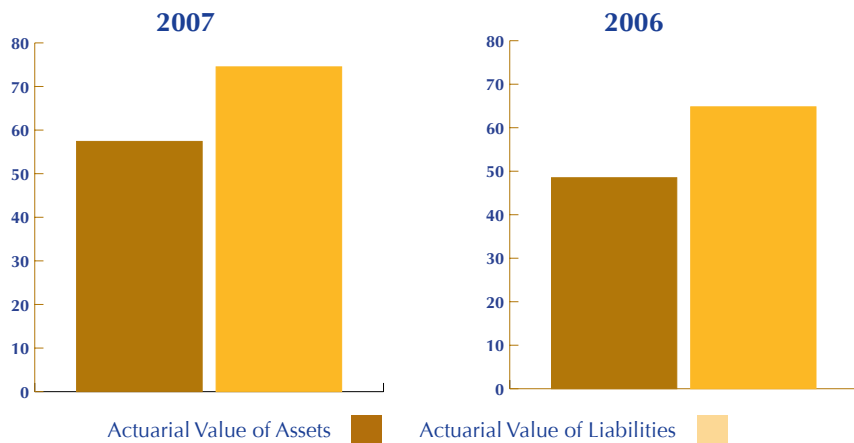
For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 2.7	\$ 2.3
Distributions	-	-
Administrative Expenses	0.1	0.1
Totals	\$ 2.8	\$ 2.4

Funding Progress

Actuarial study as of July 1 (in millions)



Actuarial study as of July 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$ 57.4	\$ 48.5
Actuarial Value of Liabilities	74.5	64.8
Funding Ratios	77.1%	74.9%

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: 1977 Police Officers' and Firefighters' Pension and Disability Fund

Membership and Eligibility

1977 Police Officers' and Firefighters' Pension and Disability Fund provides coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town or township.

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Actuarial Reduction
50	20 or more	Actuarial reduction of 86 percent at age 50 which decreases uniformly from age 50 to age 52 on a monthly basis
52	20 or more	None

BENEFIT FORMULA

Annual Benefit =

Monthly benefit = 50 percent¹ of first-class salary for 20 years of service.

¹This percentage is increased by 1 percent for each six months of active service accumulated after 20 years of service (to a maximum of 32 years, or 74 percent).

Cost of Living Allowance

Cost of living allowance is a percentage determined by statute equal to the change in the Consumer Price Index, but not in excess of a 3 percent increase.

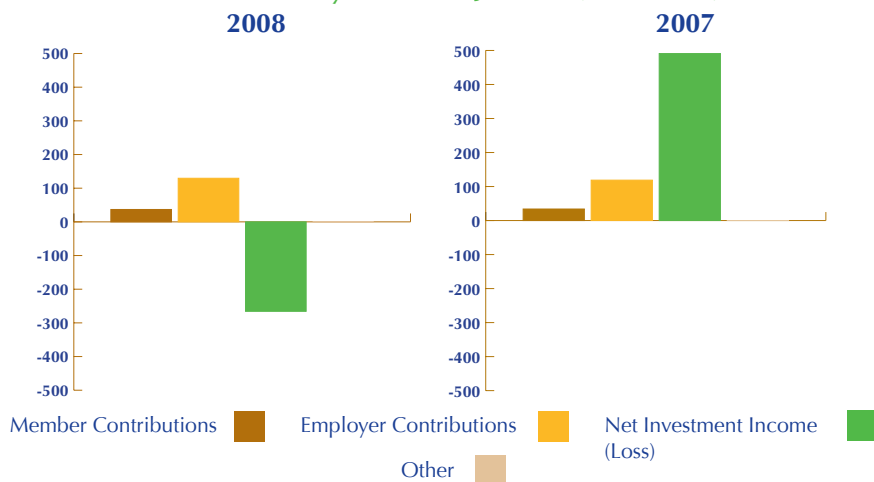
Contribution Rates

- Members contribute 6 percent of first-class salary for the term of their employment up to 32 years. Employers have the option of making all or part of this contribution on behalf of the member.
- Employer contribution rates are adopted by the PERF Board of Trustees based on recommendations by PERF's actuary.

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fund Highlights: 1977 Police Officers' and Firefighters' Pension and Disability Fund (continued)

Additions by Source For fiscal year ended June 30 (in millions)

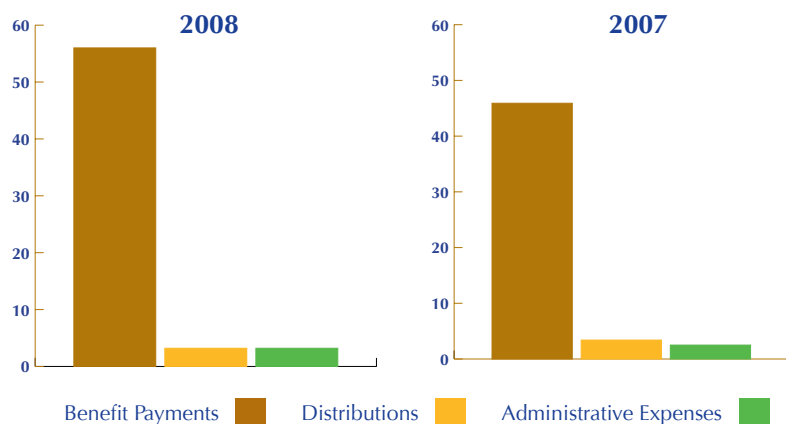


For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Member Contributions	\$ 36.8	\$ 33.9
Employer Contributions	129.5	118.8
Net Investment Income (Loss)	(265.7)	490.9
Other	0.1	0.1
Totals	\$ (99.3)	\$ 643.7

Deductions by Type For fiscal year ended June 30 (in millions)

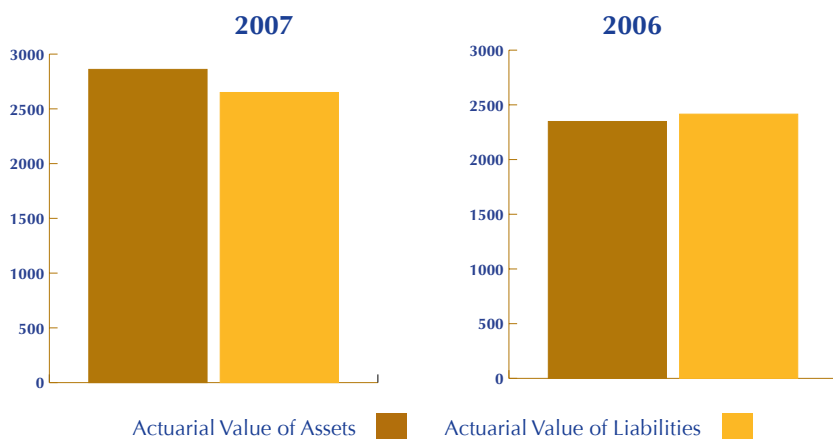


For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 56.0	\$ 45.9
Distributions	3.2	3.4
Administrative Expenses	3.2	2.5
Totals	\$ 62.4	\$ 51.8

Funding Progress Actuarial study as of January 1 (in millions)



Actuarial study as of January 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$2,860.5	\$2,348.0
Actuarial Value of Liabilities	2,649.5	2,415.1
Funding Ratios	108.0%	97.2%

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: Prosecuting Attorneys' Retirement Fund

Membership and Eligibility

The Prosecuting Attorneys' Retirement Fund (PARF) includes prosecuting attorneys, chief deputy prosecuting attorneys and other deputy prosecuting attorneys paid by the state. PARF members are also members of the PERF plan. According to statute, benefits payable from PARF are reduced by any benefits payable from the PERF plan.

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Allowance Reduction
62	8 or more	0.25% for each full month that retirement precedes age 65
65	8 or more	None

BENEFIT FORMULA

Annual Benefit = Highest Annual Salary (state-paid portion only) at Retirement x Percentage Below

Years of Service	Percentage	Years of Service	Percentage
Less than 8	0%	15	53%
8	24	16	54
9	27	17	55
10	30	18	56
11	33	19	57
12	50	20	58
13	51	21	59
14	52	22 or more	60

Cost of Living Allowance

No cost of living allowance is available.

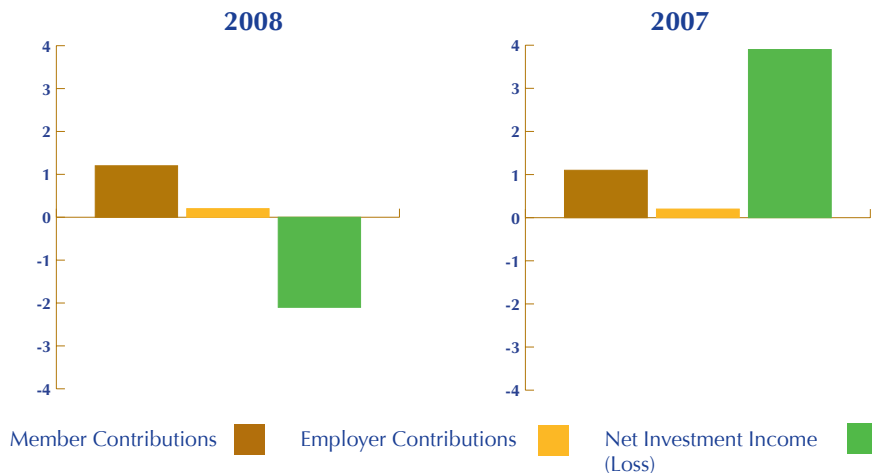
Contribution Rates

- Members contribute 6 percent of the state-paid portion of their annual salary.
- Employer contributions are adopted by the PERF Board of Trustees based on recommendations by PERF's actuary.

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fund Highlights: Prosecuting Attorneys' Retirement Fund (continued)

Additions by Source For fiscal year ended June 30 (in millions)

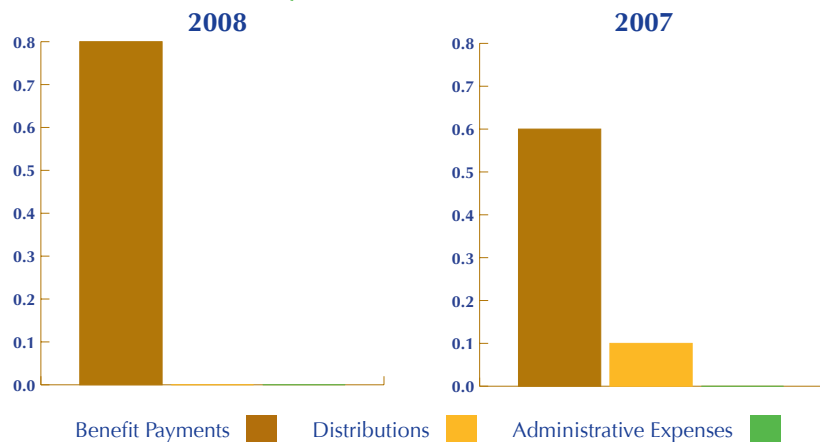


For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Member Contributions	\$ 1.2	\$ 1.1
Employer Contributions	0.2	0.2
Net Investment Income (Loss)	(2.1)	3.9
Totals	\$ (0.7)	\$ 5.2

Deductions by Type For fiscal year ended June 30 (in millions)

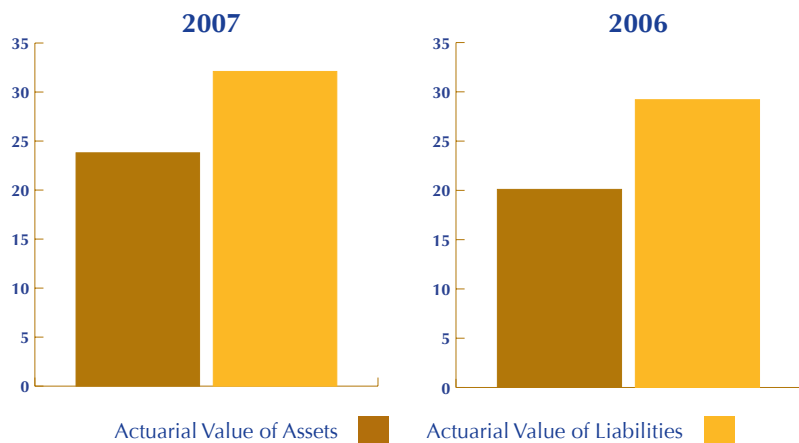


For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 0.8	\$ 0.6
Distributions	-	0.1
Administrative Expenses	-	-
Totals	\$ 0.8	\$ 0.7

Funding Progress Actuarial study as of July 1 (in millions)



Actuarial study as of July 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$ 23.8	\$ 20.1
Actuarial Value of Liabilities	32.1	29.2
Funding Ratios	74.3%	68.7%

PUBLIC EMPLOYEES' RETIREMENT FUND

Fund Highlights: Legislators' Retirement System — Defined Benefit Plan

Membership and Eligibility

The Legislators' Retirement System Defined Benefit Fund includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989 participate in the Legislators' Defined Contribution Plan.¹

MEMBERS RECEIVING RETIREMENT BENEFITS

Age	Years of Service	Allowance Reduction
55	10 or more ²	Benefit reduced using early retirement formula ³
55	Age at retirement plus total years of service as a member of the Indiana General Assembly equals 85 or more	None
60	15 or more	None
65	10 or more ⁴	None

¹The Legislators' Retirement System also includes a defined contribution plan available to all legislators of the state of Indiana who serve in the Indiana General Assembly on or after April 30, 1989. Members contribute 5 percent of their annual salary. The state of Indiana contributes 20 percent of their members' annual salaries per diem for service after June 30, 1989.

²Has terminated service as a member of the Indiana General Assembly and is not receiving nor is entitled to receive a salary from the state.

³Early Retirement Benefit Formula:

Step 1: $780 \text{ months (65 years)} - \text{age at retirement in full months} = [x]$.

Step 2: If $[x]$ is equal to or less than 60, then multiply $[x]$ by 0.1 percent to obtain a product $[y]$. If $[x]$ is greater than 60, then multiply 0.4167 percent by the difference between 60 and the remainder $[x]$. Then take this product and add 6 percent to obtain a sum $[y]$.

Step 3: Then subtract $[y]$ from 100 percent to determine the percentage of age 65 retirement benefit received.

⁴Has terminated service as a member of the Indiana General Assembly, is not receiving nor is entitled to receive a salary from the state, and is not receiving and has not previously received a reduced monthly benefit under this plan.

BENEFIT FORMULA

Lesser of:

- $\$40 \times \text{Years of service before November 8, 1989 or}$
- $\text{Highest consecutive three-year average annual salary at termination} \div 12$

Legislators elected or appointed after April 30, 1989 participate in the Legislators' Defined Contribution Plan.

Cost of Living Allowance

Cost of living allowance is applied at the same rate as was passed by the Indiana General Assembly for the PERF plan.

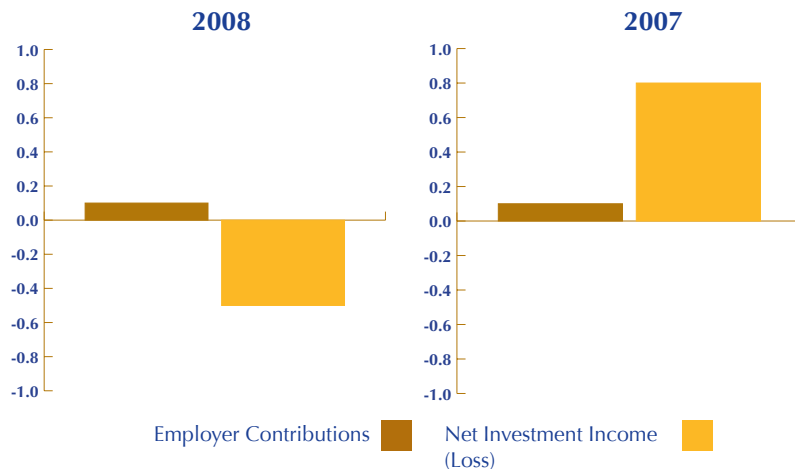
Contribution Rates

Employer contributions are adopted by the PERF Board of Trustees based on recommendations of PERF's actuary.

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fund Highlights: Legislators' Retirement System — Defined Benefit Plan (continued)

Additions by Source For fiscal year ended June 30 (in millions)

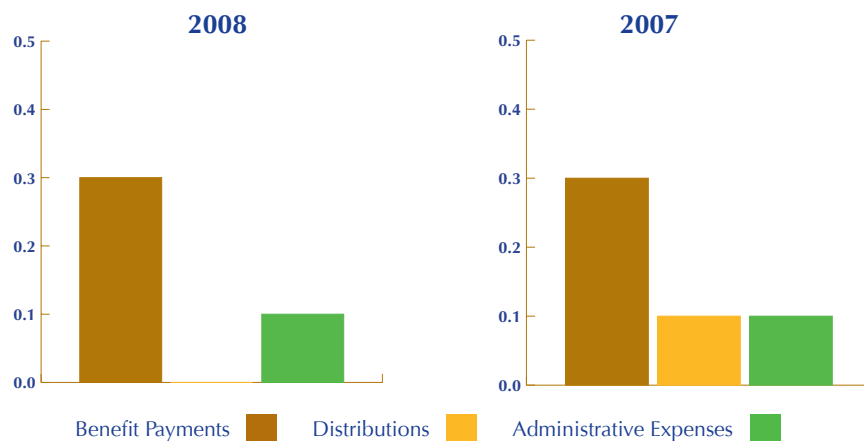


For fiscal year ended June 30
(in millions)

Additions by Source

	2008	2007
Employer Contributions	\$ 0.1	\$ 0.1
Net Investment Income (Loss)	(0.5)	0.8
Totals	\$ (0.4)	\$ 0.9

Deductions by Type For Fiscal Year Ended June 30 (in millions)

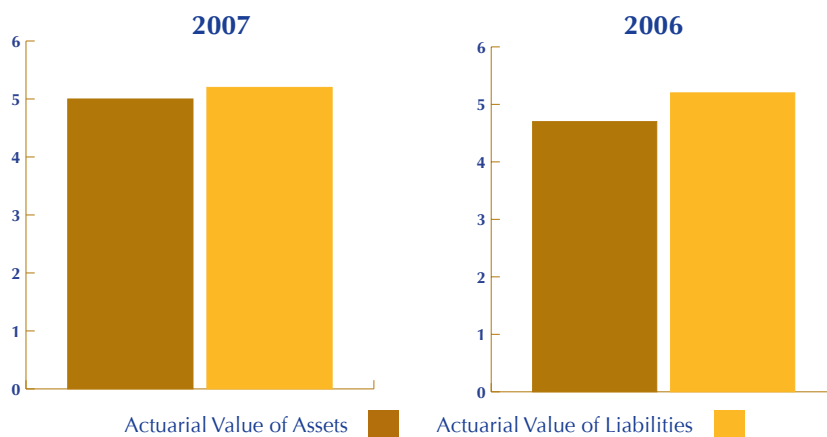


For fiscal year ended June 30
(in millions)

Deductions by Type

	2008	2007
Benefit Payments	\$ 0.3	\$ 0.3
Distributions	-	0.1
Administrative Expenses	0.1	0.1
Totals	\$ 0.4	\$ 0.5

Funding Progress Actuarial Study as of July 1 (in millions)



Actuarial study as of July 1
(in millions)

Funding Progress

	2007	2006
Actuarial Value of Assets	\$ 5.0	\$ 4.7
Actuarial Value of Liabilities	5.2	5.2
Funding Ratios	97.4%	90.2%

